

ELEVENTH EDITION

MARKETING

KERIN HARTLEY RUDELIUS

CHAPTER

2

DEVELOPING
SUCCESSFUL
MARKETING AND
ORGANIZATIONAL
STRATEGIES

FIGURE 2-A How an industry is structured

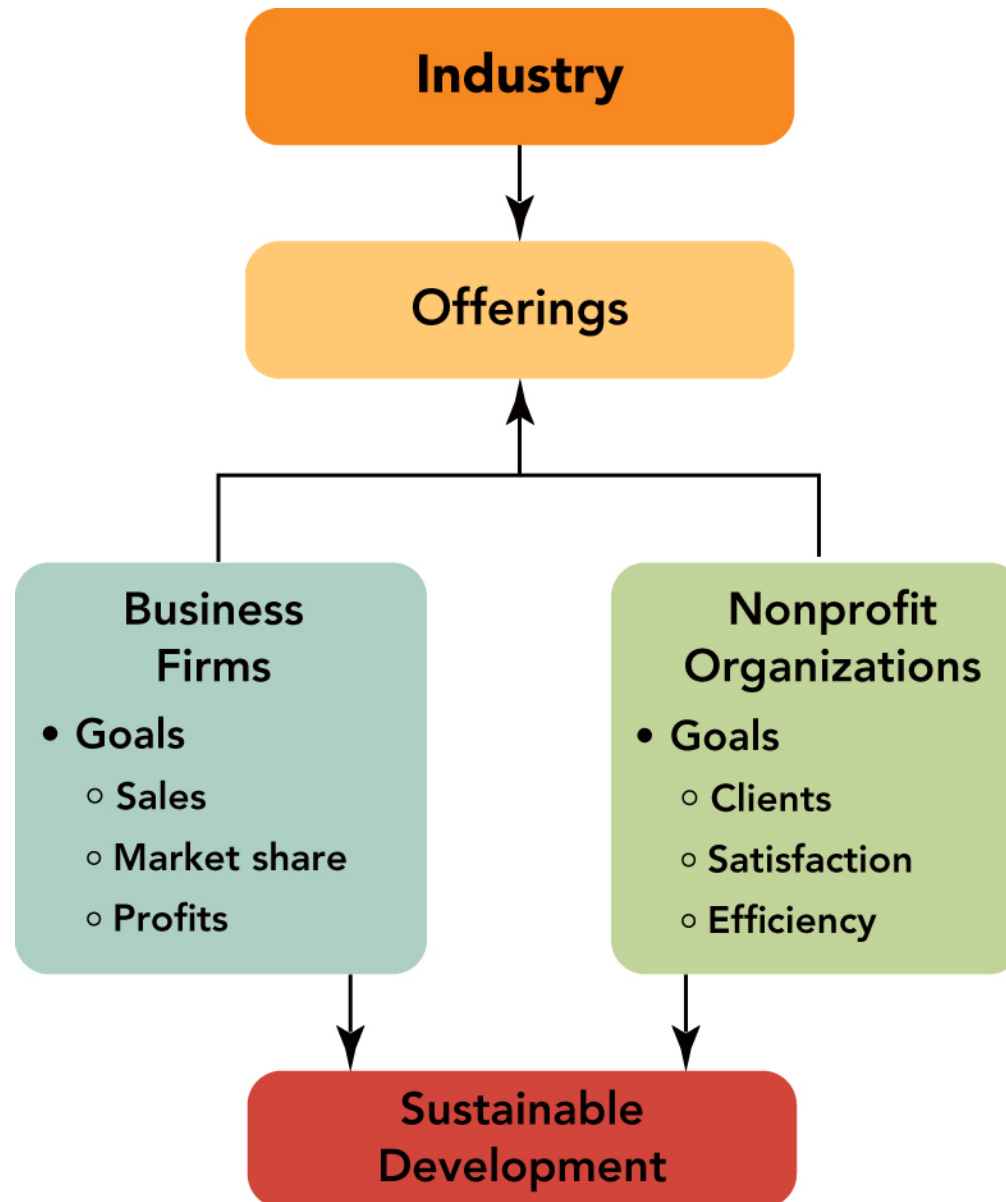


FIGURE 2-1 The board of directors oversees the three levels of strategy in organizations: corporate, business unit, and functional



TODAY'S ORGANIZATIONS

STRUCTURE—CORPORATE & SBU

- **Corporate Level**
- **Chief Marketing Officer (CMO)**
- **Strategic Business Unit (SBU) Level**

- PCs/Laptops
- iPads
- iPods
- “iTVs?”
- iPhones



STRATEGY IN VISIONARY ORGANIZATIONS

ORGANIZATIONAL FOUNDATION (WHY)

➤ Core Values

- Stakeholders

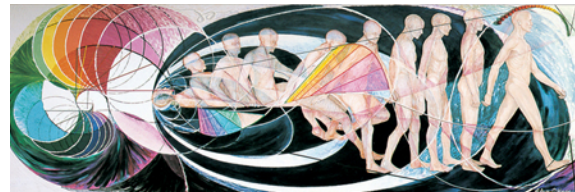
➤ Mission or Vision

- Mission Statement



American Red Cross

➤ Organizational Culture



Medtronic



Star Trek *Enterprise*

Why is a mission statement important?



Mission Statement

To explore strange new worlds, to seek out new life and new civilizations, to boldly go where no one has gone before.

STRATEGY IN VISIONARY ORGANIZATIONS

ORGANIZATIONAL DIRECTION (WHAT)

➤ Business

- What do we do?
- What business are we *really* in?



➤ Business Model



STRATEGY IN VISIONARY ORGANIZATIONS

ORGANIZATIONAL DIRECTION (WHAT)

➤ **Goals or Objectives**

- **Profit**
- **Sales (\$ or #)**
- **Market Share**
- **Quality**
- **Customer Satisfaction**
- **Employee Welfare**
- **Social Responsibility**
- **Efficiency**

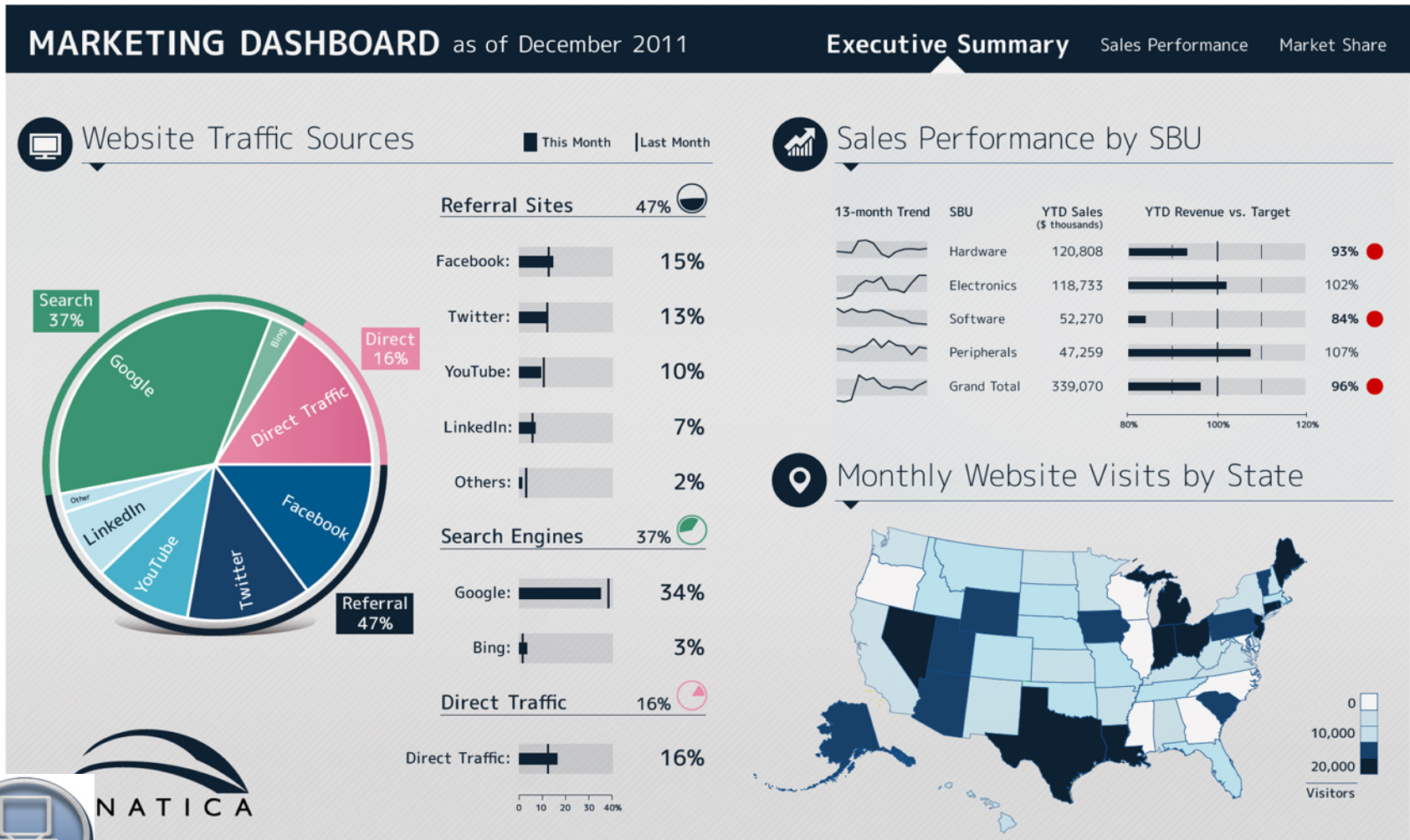
STRATEGY IN VISIONARY ORGANIZATIONS

ORGANIZATIONAL DIRECTION (WHAT)

➤ **Goals or Objectives: S.M.A.R.T.**

- **Specific**
- **Measurable**
- **Attainable**
- **Relevant**
- **Time-Based**

FIGURE 2-3 An effective marketing dashboard like Sonatica's helps managers assess a business situation at a glance

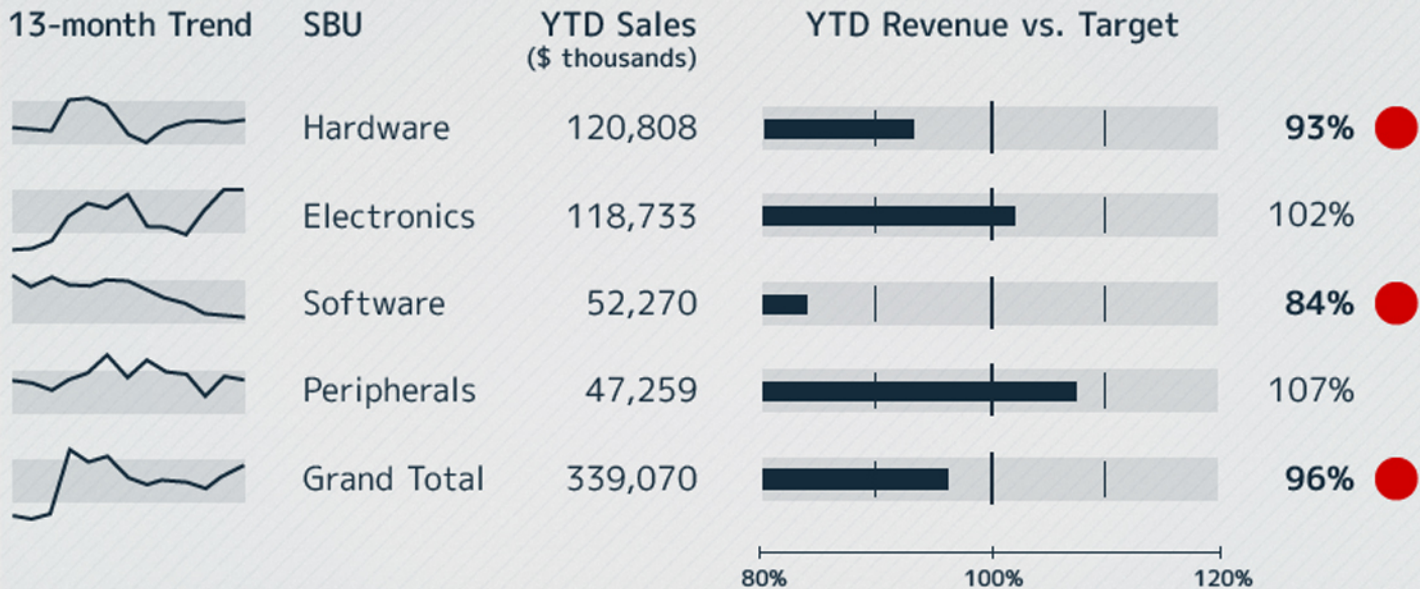


Source: Dundas Data Visualization

FIGURE 2-3B Marketing Dashboard: Sales Performance by SBU



Sales Performance by SBU



SETTING STRATEGIC DIRECTIONS

WHERE ARE WE NOW?

➤ Competencies



- Competitive Advantage



Medtronic

➤ Customers



SETTING STRATEGIC DIRECTIONS

WHERE DO WE WANT TO GO?

➤ Business Portfolio Analysis (BCG)

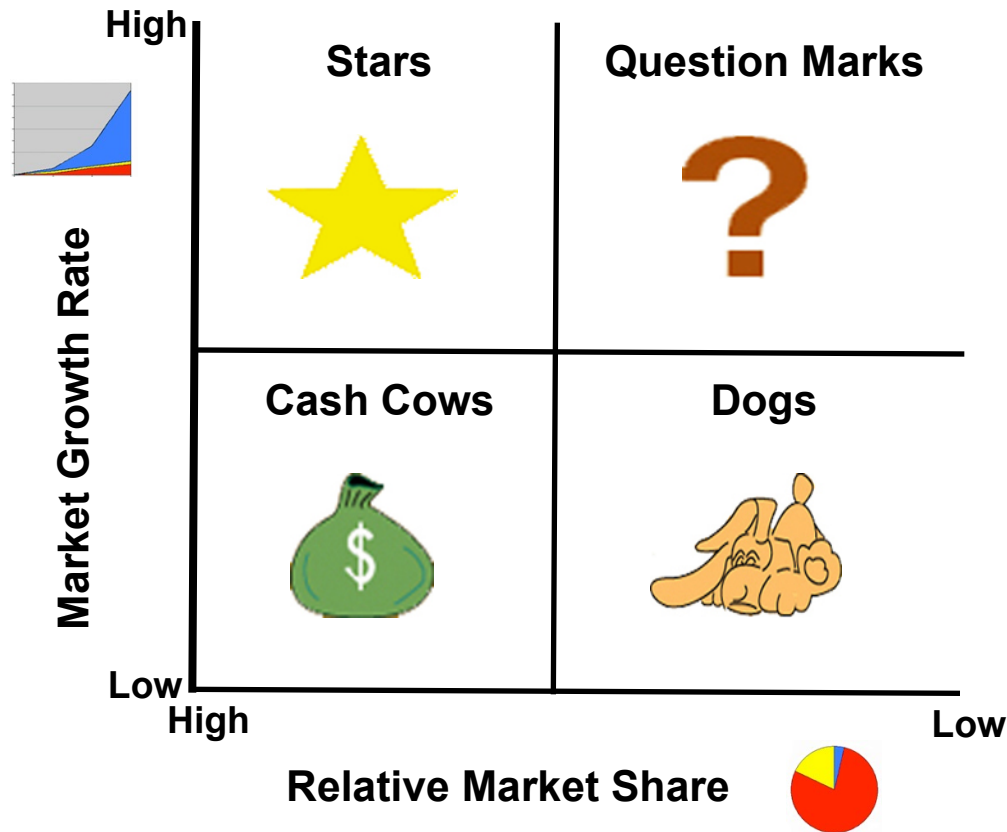


FIGURE 2-4 BCG business portfolio analysis for Kodak's consumer SBUs for 2003 (red circle) and 2012 (white circle)

②

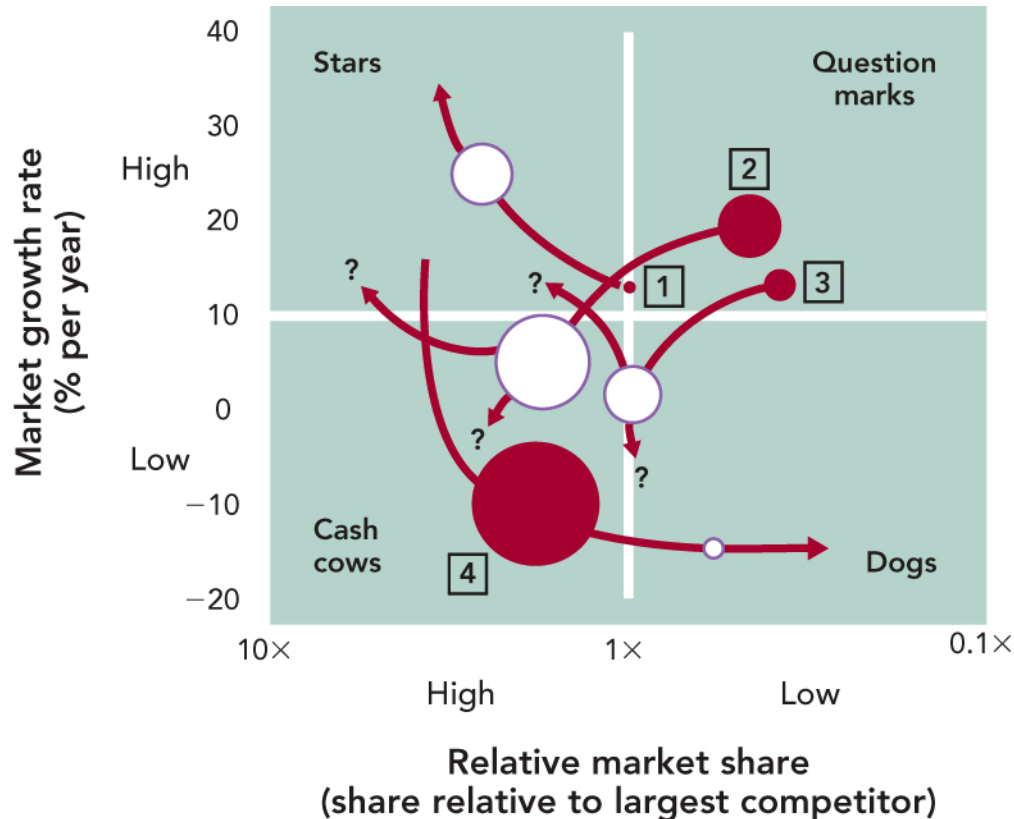


Kodak digital picture frame

①



Kodak digital camera



③



Kodak digital photo printer

④



Kodak film sales: US, Canada, & W. Europe

FIGURE 2-5 Four alternative market-product strategies for Ben & Jerry's to expand sales revenues using diversification analysis

MARKETS	PRODUCTS	
	Current	New
Current	Market penetration Selling more Ben & Jerry's super premium ice cream to Americans	Product development Selling a new product such as children's clothing under the Ben & Jerry's brand to Americans
New	Market development Selling Ben & Jerry's super premium ice cream to Brazilians for the first time	Diversification Selling a new product such as children's clothing under the Ben & Jerry's brand to Brazilians for the first time

THE STRATEGIC MARKETING PROCESS

THE PLANNING PHASE

➤ Step 1: Situation (SWOT) Analysis

- Situation Analysis
- SWOT Analysis
 - Strengths
 - Weaknesses
 - Opportunities
 - Threats



THE STRATEGIC MARKETING PROCESS

THE PLANNING PHASE

➤ Step 1: Situation (SWOT) Analysis

- **SWOT Analysis Study**
 - **Identify Industry Trends**
 - **Analyze Competitors**
 - **Assess the Organization**
 - **Research Present and Prospective Customers**



FIGURE 2-7 Ben & Jerry's SWOT analysis that serves as the basis for management actions regarding growth

LOCATION OF FACTOR	TYPE OF FACTOR	
	Favorable	Unfavorable
Internal	Strengths <ul style="list-style-type: none"> • Prestigious, well-known brand name among U.S. consumers • Complements Unilever's other ice cream brands • Recognized for its social mission, values, and actions 	Weaknesses <ul style="list-style-type: none"> • B&J's social responsibility actions could reduce its focus • Experienced managers needed to help growth • Modest sales growth and profits in recent years
External	Opportunities <ul style="list-style-type: none"> • Growing demand for quality ice cream in overseas markets • Increasing U.S. demand for 100-calorie novelties such as bars • Many U.S. firms successfully use product line and brand extensions 	Threats <ul style="list-style-type: none"> • B&J's customers read nutritional labels and are concerned with sugary and fatty desserts • Competes with General Mills and Nestlé brands • Increasing competition in international markets

THE STRATEGIC MARKETING PROCESS

THE PLANNING PHASE

➤ Step 2: Market-Product Focus and Goal Setting

- Market Segmentation
- Points of Difference



THE STRATEGIC MARKETING PROCESS

THE PLANNING PHASE

➤ Step 3: Marketing Program

- Product Strategy
- Price Strategy
- Promotion Strategy
- Place (Distribution) Strategy



FIGURE 2-8 The four Ps elements of the marketing mix must be blended to produce a cohesive marketing program

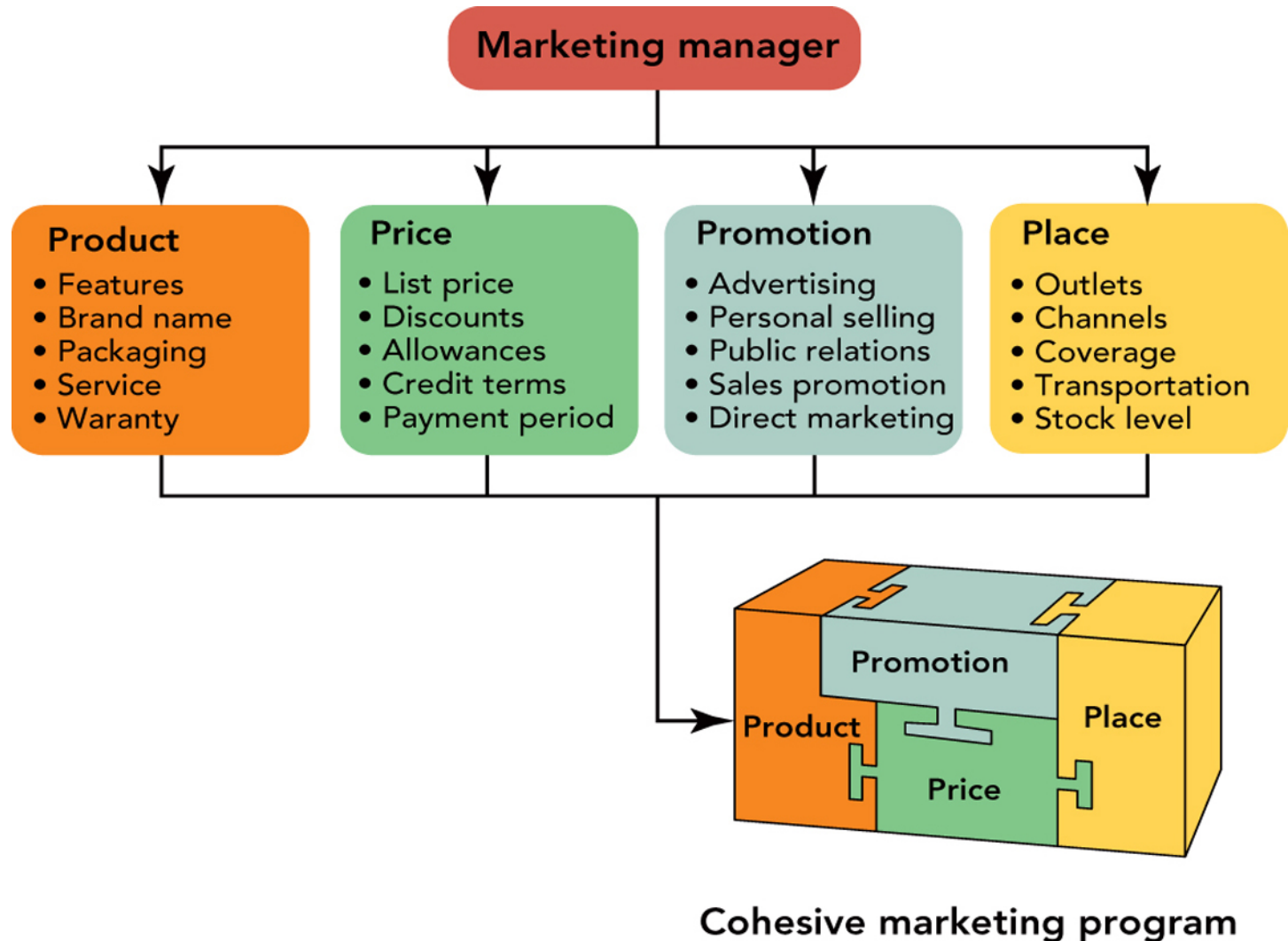
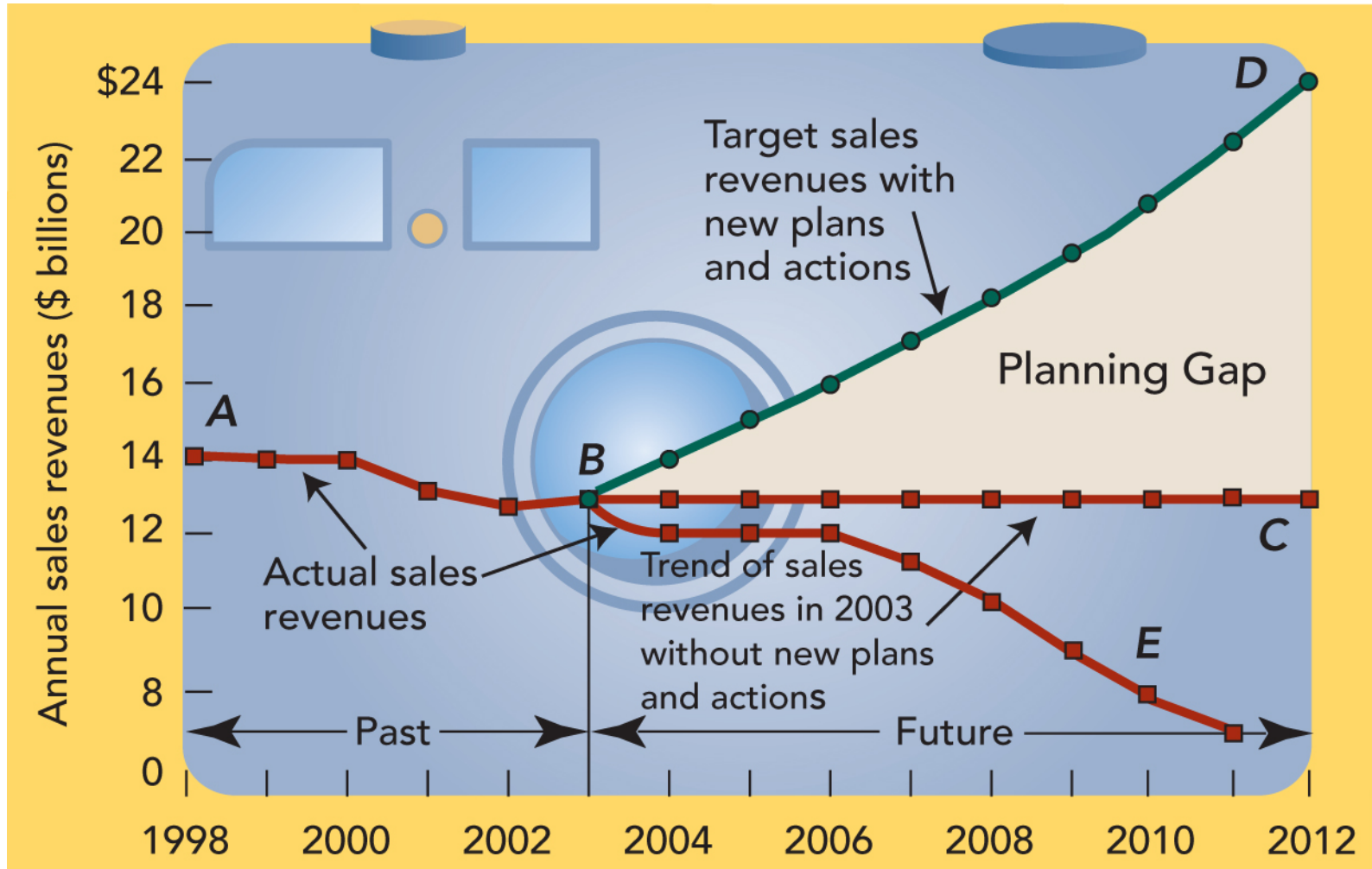


FIGURE 2-10 The evaluation phase requires that Kodak compare actual results with goals to identify and act on deviations to fill in the “planning gap” by 2012



VIDEO CASE 2

IBM: USING STRATEGY TO BUILD A “SMARTER PLANET”



Smarter business for a Smarter Planet.

What 3 million lines of code means to a piece of luggage.

It means Amsterdam Airport Schiphol will be able to accurately and efficiently move 70 million pieces of luggage per year—20 million more bags per year than they used to. The airport's automated baggage solution will allow them to increase their baggage handling capacity by 40%, so they can meet the growing demand placed on them as one of Europe's largest transport hubs. This system is built on IBM Rational® and Tivoli® software and runs on Power Systems™. A smarter business is built on smarter software, systems and services.

Let's build a smarter planet. ibm.com/luggage



A data visualization of the flow of baggage traffic at Amsterdam Airport Schiphol.

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VIDEO CASE 2

IBM

1. What is IBM's "Smarter Planet" business strategy? How does this strategy relate to IBM's mission and values?

VIDEO CASE 2

IBM

2. Conduct a SWOT analysis for IBM's Smarter Planet initiative. What are the relevant trends to consider for the next three to five years?

VIDEO CASE 2

IBM

3. How can IBM communicate its strategy to companies, cities, and governments? How is Watson a part of the communication strategy?

VIDEO CASE 2

IBM

4. What are the benefits of the Smarter Planet initiative to (a) society and (b) IBM?

VIDEO CASE 2

IBM

5. How should IBM measure the results of the Smarter Planet strategy?

Profit

Profit is the money left after a business firm's total expenses are subtracted from its total revenues and is the reward for the risk it undertakes in marketing its offerings.



Strategy

Strategy is an organization's long-term course of action designed to deliver a unique customer experience while achieving its goals.



Corporate Level

The **corporate level** is the level in an organization where top management directs overall strategy for the entire organization.



Strategic Business Unit (SBU)

A strategic business unit (SBU) is a subsidiary, division, or unit of an organization that markets a set of related offerings to a clearly defined group of customers.



Functional Level

The **functional level** is the level in an organization where groups of specialists actually create value for the organization.



Cross-Functional Teams

Cross-functional teams consist of a small number of people from different departments in an organization who are mutually accountable to accomplish a task or common set of performance goals.



Core Values

Core values are the fundamental, passionate, and enduring principles of an organization that guide its conduct over time.



Mission

A **mission** is a statement of the organization's function in society that often identifies its customers, markets, products, and technologies. The term is often used interchangeably with *vision*.



Organizational Culture

An **organizational culture** consists of the set of values, ideas, attitudes, and norms of behavior that is learned and shared among the members of an organization.



Business

A **business** is the clear, broad, underlying industry or market sector of an organization's offering.



Business Model

A business model is the strategies an organization develops to provide value to the customers it serves.



Goals or Objectives

Goals or objectives are the statements of an accomplishment of a task to be achieved, often by a specific time.



Market Share

Market share is the ratio of sales revenue of the firm to the total sales revenue of all firms in the industry, including the firm itself.



Marketing Dashboard

A marketing dashboard is the visual computer display of the essential information related to achieving a marketing objective.



Marketing Metric

A marketing metric is a measure of the quantitative value or trend of a marketing activity or result.



Marketing Plan

A marketing plan is a road map for the marketing activities of an organization for a specified future time period, such as one year or five years.



Business Plan

A **business plan** is a road map for the entire organization for a specified future time period, such as one year or five years.



Competitive Advantage

A competitive advantage is an unique strength relative to competitors that provides superior returns, often based on quality, time, cost, or innovation.



Business Portfolio Analysis

Business portfolio analysis is a technique that managers use to quantify performance measures and growth targets to analyze its clients' strategic business units (SBUs) as though they were a collection of separate investments.



Diversification Analysis

Diversification analysis is a technique that helps a firm search for growth opportunities from among current and new markets as well as current and new products.



Strategic Marketing Process

The **strategic marketing process** is the approach whereby an organization allocates its marketing mix resources to reach its target markets.



Situation Analysis

A **situation analysis** involves taking stock of where the firm or product has been recently, where it is now, and where it is headed in terms of the organization's marketing plans and the external factors and trends affecting it.



SWOT Analysis

A **SWOT analysis** is an acronym describing an organization's appraisal of its internal **Strengths** and **Weaknesses** and its external **Opportunities** and **Threats**.



Market Segmentation

Market segmentation involves aggregating prospective buyers into groups, or segments, that
(1) have common needs and
(2) will respond similarly to a marketing action.



Points of Difference

Points of difference are those characteristics of a product that make it superior to competitive substitutes.



Marketing Strategy

Marketing strategy is the means by which a marketing goal is to be achieved, usually characterized by a specified target market and a marketing program to reach it.



Marketing Tactics

Marketing tactics are the detailed day-to-day operational decisions essential to the overall success of marketing strategies.

